

SHAREHOLDER UPDATE

PERTH, AUSTRALIA; 17 DECEMBER 2018: Hazer Group Ltd (“Hazer” or “the Company”) (ASX:HZR, HZRO) provides the following update on Company operations following questions from a number of shareholders.

As set out in our latest updates to shareholders the team has had a very productive last 6 months with respect to operations of the Fluidised Bed Reactor (FBR) Pilot Plant, and in developing our front-end engineering studies for an initial Commercial Demonstration Project that will be our focus in 2019, and Concept Studies for a range of initial Commercial Scale Plants. This work is progressing well and showing excellent potential.

Progress on these engineering studies is very positive. Initial reports have been completed and these studies are now being further developed to incorporate the learnings from the most recent pilot plant trials to test the effectiveness of various plant configurations to deliver a robust, optimal, scalable plant set-up. While we have settled on an initial Commercial Demonstration Plant configuration, this work will continue through the next months as we continue to refine our engineering models and start to work with specific sites and potential feed-gas supplies.

The FEED studies completed have provided sufficient confidence for us to look to progress our discussions with potential hydrogen off-takers and project co-funders as we head into 2019. As set out in our recent update to shareholders, from our initial FEED Study results we are looking at a Commercial Demonstration Project capable of operating on a continual, 24/7, basis producing approximately 100 tpa of hydrogen and approximately 375 tpa of graphite, and with a target capital cost of ~\$10 million. Securing an ongoing commercial demonstration project that allowed us to demonstrate hydrogen sales and build sales interest for graphite would be a material achievement for the Company. It remains our primary focus through the first half of next year to secure the agreements and partnerships necessary to do this.

In addition to the work on relocating our FBR Pilot plant to WA, developing the FEED Study for the Commercial Demonstration Plant, and the Concept Study for the Commercial Plant we are continuing to work with our strategic partner, Mineral Resources Limited, to provide technical and operational support to the Paddle Tube Reactor Pilot Project that they are constructing at Kwinana. Progress on this Project will continue to be updated and advised by Mineral Resources; as the Project is being managed and executed by Mineral Resources we will not be providing ongoing commentary.

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Our collaboration with Mineral Resources is continuing to progress well with good alignment between the companies. Through 2019 the key focus areas will be on commissioning and operation of the pilot plant; delivery and analysis of successful pilot results, and agreement to progress to Stage 2 of our strategic partnership, the construction of a Mineral Resource's owned Commercial Demonstration Plant at Kwinana. As per our existing Collaboration Agreement, this will include Mineral Resources and Hazer agreeing the full commercial terms for the licence agreement to use the Hazer Process in this plant including details of the proposed royalty agreements. We look forward to working with Mineral Resources on this significant program through 2019.

Finally I would like to thank all our shareholders for their support in 2018 and wish you and your families a safe and happy Christmas. 2018 has been a significant year for the Company and I look forward to a successful 2019.

Geoff Ward
Chief Executive Office

[ENDS]

ABOUT HAZER GROUP LTD

Hazer Group Limited ("Hazer" or "The Company") is an ASX-listed technology development company undertaking the commercialisation of the Hazer Process, a low-emission hydrogen and graphite production process. The Hazer Process enables the effective conversion of natural gas and similar methane feedstocks, into hydrogen and high quality graphite, using iron ore as a process catalyst.

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